

Message Text

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12

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 AID-20 EB-11 PM-07 INR-11 IO-14

L-03 NSAE-00 NSC-07 PA-04 RSC-01 DRC-01 DPW-01 PRS-01

OMB-01 SS-20 SSO-00 INRE-00 /142 W

----- 064298

O R 141030Z AUG 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 7775

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA

CINCPAC

CINCPACAF

CINCPACFLT

CINCUSARPAC

DEPCHIEF JUSMAAG UDORN

USDAO/SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY MANILA

AMEMBASSY STOCKHOLM

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AMEMBASSY VIENTIANE

AMEMBASSY MOSCOW
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON

C O N F I D E N T I A L SECTION 1 OF 2 SAIGON 10711

EO 11652: GDS
TAGS: PINT PFOR ECON VS
SUBJ: EMBASSY SAIGON'S MISSION WEEKLY FOR AUG 8-14, 1974

BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;
DOD FOR USAJFKCMA ATTN: ATCS-WL-DSA

A WEEK IN SUMMARY

THE CEASEFIRE

GVN REACTION TO THE RESIGNATION OF PRES NIXON

PRES THIEU TALKS TO GOVT CADRE

PRIVATE NEWS AGENCIES CLOSED

JULY EXPORTS CONTINUE DOWN TREND

DOMESTIC TAX REVENUES UP IN JULY

FOOD PACES PRICE RISE

CURRENCY AND GOLD MARKETS QUIET

I. INTERNAL

A. THE CEASEFIRE

IN MR-1 ACTION CONTINUED HEAVY, AND THE NUMBER OF INCIDENTS
SET A NEW 1974 HIGH. THE INTENSITY OF THE FIGHTING DECLINED
SOMEWHAT AFTER THE FALL OF THUONG DUC DISTRICT SEAT AUGUST 7.
ARVN FORCES IN QUANG NAM HAVE BEEN BEEFED UP BY THE ARRIVALS
OF ONE AIRBORNE BRIGADE FROM THUC THIEN AND ANOTHER FROM SAIGON.
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IN QUANG NGAI PROVINCE, THE COMMUNISTS CONTINUE THEIR OFFENSIVE.
SEVERAL GVN POSITIONS HAVE FALLEN, AND REFUGEES ARE FLEEING
CONTESTED AREAS. THE GVN EFFORT TO EXPAND THE SECURE AREAS IN
THE PROVINCE IS BEING REVERSED.

IN MR-2, WHILE THE NUMBER OF INCIDENTS BRIEFED WAS DOWN,
THE NUMBER OF ENEMY CASUALTIES WAS MUCH HIGHER. THE LEVEL OF
ACTIVITY IN BINH DINH PROVINCE DROPPED THIS WEEK. GVN FORCES

RETOOK THE NHONG PASS IN PHU MY DISTRICT, REOPENING QU 1 FROM QUI NHON TO TAM QUAN. THE GVN ALSO RECAPTURED HILL 338, COMMANDING THE PORT OF DE GI. THE NUMBER OF INCIDENTS IN PLEIKU PROVINCE WAS UP SHARPLY. THE ENEMY CONTINUES TO ATTACK PLEI ME CAMP AND FB 711 BY GROUND AND ABF. HARASSMENT OF LOCS IN THE PROVINCE CONTRINUES. ROADSIDE SNIPING IN KHANH HOA PROVINCE SEEMS TO BE INCREASING, AND IS NOW OCCURRING AT ALL HOURS.

THE FOCUS OF ACTIVITY IN MR-3 THIS WEEK WAS IN BIEN HOA PROVINCE, WHERE THERE WAS A SERIES OF ABFS AND GROUND ASSAULTS IN THE NORTHERN DISTRICTS. EIGHT SEPARATE ROCKET ATTACKS ON BIEN HOA AIR BASE SINCE AUGUST 10 HAVE RESULTED IN SIX KILLED, ALL CIVILIANS, AND NINETEEN WOUNDED, INCLUDING THIRTEEN CIVILIANS, WITH SIX F-5AS DAMAGED. THESE ABFS CONTINUE. TOTAL INCIDENTS IN THE MR WERE UP, DUE TO THE SHARP RISE IN BIEN HOA PROVINCE. THE ENEMY CONTINUES TO OCCUPY THE BEN CAT AND BAO BINH AREAS.

ACTIVITY THROUGHOUT THE DELTA REMAINED LOW, AND THE NUMBER OF INCIDENTS CONTINUED TO DROP, THOUGH GVN CASUALTIES WERE HIGHER. SIX OF THE NINE OUTPOSTS LOST TO THE ENEMY DURING JULY IN KIEN THONG PROVINCE HAVE BEEN RETAKEN.

AT THE ICCS MILITARY COMMITTEE MEETING AUGUST 13, THE IRANIAN CHAIRMAN PROPOSED THAT THE ICCS PROCEED TO INVESTIGATE "PRG" COMPLAINTS AND INVESTIGATIONS REQUESTS. THE COMMUNISTS, OUTMANEUVERED, VETOED THE PROPOSAL. A PLENARY SESSION IS SCHEDULED FOR AUGUST 15. THE POLES AND HUNGARIANS NOW SEEK TO EVACUATE ONE OF THE REMAINING THREE TEAM SITES THEY STILL OCCUPY IN ICCS REGION V. THE COMMUNIST BOYCOTT OF THE FPJMT AND TPJMC CONTINUED INTO ITS EIGHTH STRAIGHT WEEK.

B. GVN REACTION TO THE RESIGNATION OF PRES NIXON

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FOLLOWING PRES NIXON'S RESIGNATION, THE GVN RELEASED A STATEMENT EXPRESSING "SHOCK AND REGRET" AND NOTING THAT THE INCIDENTS LEADING TO THE RESIGNATION INVOLVED US DOMESTIC POLITICS. THE STATEMENT CALLED PRES NIXON "A STATE LEADER WHO HAS DILLIGENTLY RENDERED SERVICE TO THE CAUSE OF FREEDOM AND PEACE..."

IN A SEPARATE ANNOUNCEMENT THE OFFICE OF PRIMIN KHIEM REPORTED THAT CHARGE LEHMANN HAD MET WITH THE PRIMIN AND FONMIN TO ASSURE THEM OF CONTINUITY IN US FOREIGN POLICY AND ITS CONTINUING BI-PARTISAN SUPPORT. THE RECENT FOREIGN POLICY STATEMENT OF SECY KISSINGER, SENATOR MANSFIELD AND SENATOR SCOTT WERE DRAWN TO THE ATTENTION OF THE GVN LEADERSHIP BY THE AMERICAN CHARGE AND WERE NOTED IN THE GOVT COMMUNIQUE.

US GOVT STATEMENTS AND ACTIONS TAKEN SINCE THE ASSUMPTION OF OFFICE OF PRES FORD HAVE OBVIOUSLY REASSURED GVN LEADERS AS TO THE CONTINUITY OF US POLICY. THERE REMAINS, HOWEVER, REAL CONCERN REGARDING US CONGRESSIONAL SUPPORT FOR CONTINUATION AT FORMER LEVELS OF US MILITARY AND ECONOMIC ASSISTANCE TO SVN.

C. PRES THIEU TALKS TO GOVT CADRE

PRES NGUYEN VAN THIEU ADDRESSED THE GRADUATES OF A TRAINING COURSE FOR CADRE OF THE MINISTRY OF CULTURE, EDUCATION AND YOUTH IN VUNG TAU ON AUGUST 10. HIS LENGTHY ADDRESS DEALT WITH A WIDE RANGE OF PROBLEMS FACING VIETNAM. HE GAVE SPECIAL EMPHASIS TO CORRUPTION, THE ROLE OF CIVIL SERVANTS IN POLITICAL PARTIES, THE ECONOMY, AND THE IMPLICATIONS OF PRES NIXON'S RESIGNATION. HE CALLED FOR AN INCREASE IN RICE PRODUCTION TO EASE VIETNAM'S ECONOMIC DIFFICULTIES.

TOUCHING ON THE ROLE OF CIVIL SERVANTS AND MILITARY MEN IN HIS OWN DEMOCRACY PARTY, THE PRES NOTED, "...I HAVE STRICTLY ORDERED THAT CIVIL SERVANTS AND SERVICEMEN ARE NOT ALLOWED TO TAKE PART IN ACTIVITIES OF POLITICAL PARTIES...IT IS KNOWN THAT THE DAN CHU PARTY IS MINE, BUT I WISH TO MAKE IT PLAIN THAT PREJUDICE ON BEHALF OF THE PARTY IS OUT OF THE QUESTION..." THE PRES STATED THAT HE IS FULLY AWARE THAT HE WAS ELECTED BY THE PEOPLE AND "NOT THANKS TO THE PARTY".

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INFO OCT-01 EUR-25 ISO-00 AID-20 EB-11 PM-07 INR-11 IO-14

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AMCONSUL NHA TRANG
AMEMBASSY PARIS
AMEMBASSY PHNOM PENH
AMEMBASSY SEOUL
AMEMBASSY TOKYO
USIA WASHDC
USDEL JEC PARIS UNN
CIA
DIA
JCS
JUSMAAG
WHITE HOUSE
USAJFKCMA
CINCPAC
CINCPACAF
CINCPACFLT
CINCUSARPAC
DEPCHIEF JUSMAAG UDORN
USDAO/SAIGON
AMEMBASSY LONDON
AMEMBASSY BUDAPEST
AMEMBASSY CANBERRA
AMEMBASSY MANILA
AMEMBASSY STOCKHOLM
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C O N F I D E N T I A L SECTION 2 OF 2 SAIGON 10711

BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;
DOD FOR USAJFKCMA ATTN&? ATCS-WL-DSA

DISCUSSING THE RESIGNATION OF PRES NIXON, THIEU
ASKED, "ALTHOUGH WE REGRET MR NIXON'S DEPARTURE, WHAT IS MORE
IMPORTANT IS (THE QUESTION WHETHER) US POLICY TOWARD THE RVN
WILL UNDERGO ANY CHANGE UNDER THE LEADERSHIP OF PRES FORD?"
ANSWERING HIS OWN QUESTION, PRES THIEU AFFIRMED HIS BELIEF IN
THE CONTINUITY OF US FOREIGN POLICY. HE ADDED "WE NEED THE
ASSISTANCE OF THE UNITED STATES MILITARILY AND ECONOMICALLY, BUT
AT THE SAME TIME WE MUST ALSO RECOGNIZE THE COMMON DIFFICULTY
FACING PEOPLES ALL OVER THE WORLD IN THE ECONOMIC FIELD...
WE HAD BETTER BE PREPARED NOW TO FACE THE DIFFICULTIES WHEN WE
HAVE NO MORE FOREIGN AID..."

D. PRIVATE NEWS AGENCIES CLOSED

ON THE MORNING OF AUGUST 8, THE OFFICES OF TEN PRIVATE NEWS AGENCIES IN SAIGON WERE SEALED BY ORDER OF THE MINISTRY OF INTERIOR AT THE REQUEST OF THE MINISTRY OF INFORMATION AND OPEN ARMS. THE NEWS BULLETINS OF ELEVEN OTHER PRIVATE AGENCIES WERE SEIZED FOR "ILLEGAL OPERATION". ACCORDING TO THE GVN SPOKESMAN, THE REASON FOR THE CLOSURE AND SEIZURES WAS THAT A NUMBER OF THESE AGENCIES HAD "DISPATCHED GROUNDLESS AND INACCURATE NEWS REPORTS, SOMETIMES DEFAMING INDIVIDUALS AND SOWING CONFUSIONS AMONG THE MASSES." HE ADDED THAT THOSE NEWS AGENCIES WHICH OPERATED WITHOUT A GOVT LICENSE WERE CONSIDERED "ILLEGAL PRINTING INSTALLATIONS." ACCORDING TO THE SPOKESMAN NO ONE WAS ARRESTED ALTHOUGH THE CHIEFS OF THESE AGENCIES WOULD BE INVITED TO MAKE CLEAR TO THE AUTHORITIES THE ACTIVITIES OF THEIR INSTALLATIONS."

ON AUGUST 11, THE MINISTER FOR INFORMATION AND OPEN ARMS, HOANG DUC NHA, SAID THAT THE DECISION TO CLOSE THE PRIVATE NEWS CONFIDENTIAL

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AGENCIES HAD BEEN MADE BECAUSE THEIR OPERATIONS ARE NOT COVERED BY THE PRESENT PRESS CODE. ACCORDING TO THE SEMI-OFFICIAL GVN AGENCY VIETNAM PRESS, MINISTER NHA ADDED THAT THE GOVT WOULD STUDY THE DRAFTING OF A BILL TO PROVIDE LEGAL STATUS FOR PRIVATE NEWS AGENCIES.

WHILE IT IS A FACT THAT SUCH AGENCIES ARE NOT PROVIDED FOR UNDER THE CURRENT PRESS LAW ANDTHUS HAVE BEEN IN AN "IRREGULAR" STATUS, THE EMB UNDERSTANDS THAT THE CLOSURES WERE PRECIPITATED BY THE PUBLICATION OF VERY SENSITIVE INFORMATION APPARENTLY LEAKED FROM JGS.

II. EXTERNAL - NOTHING TO CONTRIBUTE

END CONFIDENTIAL

BEGIN UNCLASSIFIED

III. ECONOMIC

A. JULY EXPORTS CONTINUE DOWN TREND.

EXPORT EARNINGS IN JULY WERE US\$6.2 MILLION, MARKING THE THIRD CONSECUTIVE MONTHLY DECLINE. EXPORTS REACHED A PEAK OF \$7.8 MILLION IN APRIL, BUT HAVE BEEN TAPERING OFF SINCE THEN. THE DROP IS PARTLY ACCOUNTED FOR BY SEASONAL FACTORS -- THE ONSET OF THE MONSOON WHICH AFFECTS FORESTRY, FISHING, AND AGRICULTURAL ACTIVITY. BUT VIETNAM'S EXPORTS HAVE ALSO BEEN RETARDED BY LOW PRODUCTIVITY AND HIGH COSTS IN SOME INDUSTRIES, COUPLED WITH LOWER WORLD PRICES FOR LUMBER, FISH PRODUCTS, AND RUBBER.

COFFEE EXPORTS, WHICH HAVE BEEN THE MOST SURPRISING PERFORMER THIS YEAR (ABOUT \$5 MILLION) FELL SHARPLY IN JULY. COFFEE OUTPUT IS IN SEASONAL DECLINE, BUT SOME EXPORTERS ARE ALSO HOLDING COFFEE IN ANTICIPATION OF A WORLD PRICE INCREASE.

FISHERIES PRODUCTS REMAINED THE LARGEST SINGLE EXPORT ITEM IN JULY (\$2.1 MILLION), BUT EARNINGS WERE DOWN FROM JUNE (2.6 MILLION). ALTHOUGH FISHERIES ACCOUNTED FOR ALMOST A THIRD OF VIETNAM'S EXPORTS IN THE FIRST HALF OF 1974, PROSPECTS FOR THE REST OF THE YEAR ARE NOT ENCOURAGING. VIETNAM'S FISHING
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INDUSTRY HAS BEEN PLAGUED BY INSUFFICIENT RAW MATERIALS, HIGH FUEL AND ICE COSTS, AND SAGGING WORLD SHRIMP AND FISH MEAL PRICES.

FORESTRY EXPORTS REBOUNDED IN JULY (1.4 MILLION), AND AS THE RAINS SUBSIDE LUMBER EARNINGS COULD INCREASE SUBSTANTIALLY LATER IN THE YEAR, DESPITE LOWER WORLD PRICES. RECENT IMPROVEMENT IN BIDDING PROCEDURES FOR CUTTING RIGHTS, ALONG WITH EXPANSION OF WOOD PROCESSING FACILITIES, SHOULD IMPROVE THE SUPPLY AND COMPETITIVENESS OF VIETNAMESE LUMBER PRODUCTS.

AFTER FISHERIES AND LUMBER, RUBBER WAS THE THIRD LEADING EXPORT ITEM IN JULY (1.4 MILLION). TOTAL EXPORT EARNINGS FROM ALL PRODUCTS THROUGH JULY WERE \$49.5 MILLION.

B. DOMESTIC TAX REVENUES UP IN JULY

DOMESTIC TAX COLLECTIONS BY THE DIRECTORATE GENERAL OF TAXATION (DGT) WERE VN\$22.8 BILLION IN JULY, UP FROM VN\$20.3 BILLION RECORDED IN JUNE, BUT STILL BELOW THE MONTHLY AVERAGE OF THE FIRST QUARTER OF THE YEAR. THE SPECIAL CONSUMPTION TAX AND VAT HAVE CONTINUED TO PRODUCE THE BULK OF RECEIPTS, YIELDING VN\$10.1 AND \$6.8 BILLION, RESPECTIVELY IN JULY. CUMULATIVE DGT RECEIPTS FOR THE YEAR WERE VN\$155 BILLION, COMPARED TO VN\$86.6 BILLION IN JANUARY 1973. THAT REPRESENTS A 78 PERCENT INCREASE, BUT ADJUSTED FOR INFLATION, THE GROWTH IS 8 PERCENT.

C. FOOD PACES PRICE RISE

THE SAIGON RETAIL INDEX MOVED UP 1 PERCENT LAST WEEK, WITH VIRTUALLY ALL OF THE GAINS OCCURRING IN FOOD PRICES. THE FOOD CATEGORY ROSE 1.7 PERCENT, AS WIDESPREAD INCREASES WERE REPORTED FOR SUGAR, MEAT, FISH, POULTRY AND SOME FRUITS AND VEGETABLES. DURING THE PAST MONTH, THE FOOD INDEX HAS GAINED 5.1 PERCENT, WHILE NON-FOOD ITEMS ROSE AN AVERAGE OF LESS THAN 1 PERCENT. SEASONAL GAINS IN RICE AND FISH PRODUCTS ARE PARTLY RESPONSIBLE, BUT THE RECENT PUBLIC SECTOR PAY RAISE IS PROBABLY PUTTING UPWARD PRESSURE ON FOOD PRICES.

D. CURRENCY AND GOLD MARKETS QUIET

BLACK MARKET DOLLAR QUOTES FOR \$100 GREEN ROSE marginally
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FROM 647/\$1 TO 650/\$1. THE SAIGON GOLD PRICE WAS UNCHANGED THIS
WEEK AT US \$141.91 PER TROY OUNCE EQUIVALENT.
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